

THE OFFICE OF REGULATORY STAFF

**DIRECT
TESTIMONY**

OF

CHRISTOPHER J. ROZYCKI

DECEMBER 9, 2008



DOCKET NO. 2008-327-C

**APPLICATION OF TIME WARNER CABLE INFORMATION
SERVICES (SOUTH CAROLINA) LLC, D/B/A/ TIME WARNER
CABLE TO AMEND ITS CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE TELEPHONE
SERVICES IN THE SERVICE AREA OF HOME TELEPHONE
COMPANY AND FOR ALTERNATIVE REGULATION**

1 **DIRECT TESTIMONY OF**
2 **CHRISTOPHER J. ROZYCKI**
3 **FOR**
4 **THE OFFICE OF REGULATORY STAFF**
5 **DOCKET NO. 2008-327-C**

6 **IN RE: APPLICATION OF TIME WARNER CABLE INFORMATION**
7 **SERVICES (SOUTH CAROLINA) LLC, D/B/A TIME WARNER CABLE TO**
8 **AMEND ITS CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**
9 **TO PROVIDE TELEPHONE SERVICES IN THE SERVICE AREA OF HOME**
10 **TELEPHONE COMPANY AND FOR ALTERNATIVE REGULATION**

11

12 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**
13 **OCCUPATION.**

14 A. My name is Christopher J. Rozycki and my business address is 1401 Main
15 Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State
16 of South Carolina Office of Regulatory Staff ("ORS") as a Program Manager in
17 the Telecommunications Department.

18 **Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND**
19 **BACKGROUND.**

20 A. I have over 30 years of experience in business and government: more than
21 20 years in telecommunications business and regulation; and nearly 10 years in
22 the regulation of energy industries.

1 During my 20-plus years in the telecommunications industry I worked for
2 a major interexchange company, AT&T (before it merged with SBC and
3 BellSouth), two competitive local exchange companies, a competitive
4 broadband/cable TV company, and a telecommunications consulting firm. As my
5 experience grew, I took on roles of increasing responsibility and leadership, often
6 crafting the regulatory policy for my company and presenting that position in
7 meetings, presentations, formal comments, and testimony.

8 In addition, I have worked for the federal government in an energy
9 regulatory organization (U.S. Department of Energy), and as a public utility
10 consumer advocate for a county government.

11 My testimony and advocacy covered issues involving finance, economics,
12 rate of return, competitive entry, intercarrier compensation and access. I have
13 also been involved with the startup, development, and funding of
14 telecommunications and other businesses.

15 I hold a master's degree in Economics from George Mason University in
16 Fairfax, Virginia and a bachelor's degree in Economics from Georgetown
17 University in Washington, DC. A complete Curriculum Vitae is attached as
18 Exhibit CJR-1.

19 **Q. WHAT ARE YOUR RESPONSIBILITIES AT THE OFFICE OF**
20 **REGULATORY STAFF?**

21 **A. As Telecommunications Program Manager, I am responsible for all**
22 telecommunications activities of ORS including the certification of new

1 telecommunications entrants, regulation and oversight of existing
2 telecommunications companies, management of the state universal service and
3 Interim LEC funds, and administration of the Lifeline Program.

4 **Q. HAVE YOU PROVIDED TESTIMONY IN OTHER REGULATORY**
5 **PROCEEDINGS?**

6 A. Yes. I have provided testimony on a variety of issues in Alabama,
7 Delaware, Florida, Georgia, Louisiana, Mississippi, New York, North Carolina,
8 Pennsylvania, South Carolina, Tennessee, Vermont, and Virginia. A list of the
9 cases in which I have testified may be found in Exhibit CJR-2.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. The purpose of my testimony is to present ORS' recommendation on the
13 application of Time Warner Cable Information Systems ("TWCIS" or
14 "Applicant") to begin providing Digital Phone Service in the area currently served
15 by Home Telephone Company ("Home").

16 **Q. COULD YOU PLEASE SUMMARIZE YOUR TESTIMONY AND YOUR**
17 **RECOMMENDATION?**

18 A. Yes. After reviewing the application of TWCIS for a certificate of public
19 convenience and necessity ("CPCN") that would allow it to offer a new
20 telecommunications service, called Digital Phone Service, over its existing Cable
21 TV network infrastructure in the territory of Home, I am recommending approval

**RESOURCES SUFFICIENT TO PROVIDE THE SERVICES
REQUESTED. HAS TWCIS MET THIS CRITERION?**

A. Yes. TWCIS first applied for a CPCN to provide local service in the service area of AT&T (fka BellSouth) in Docket No. 2003-362-C. In this application, TWCIS submitted evidence that it met the requirements of this criterion. In granting TWCIS's CPCN, the Commission, in Order No. 2004-213, acknowledged that TWCIS possessed the technical, financial, and managerial resources sufficient to provide the services requested.

Since its original request to offer service in South Carolina, TWCIS has provided telecommunications service in the state without any major incidents or outages. Its customer base has grown and TWCIS now serves over [REDACTED] residential and over [REDACTED] business customers in South Carolina with 2007 revenues totaling over \$[REDACTED] million. With this activity TWCIS has demonstrated that it possesses the technical, financial, and managerial resources sufficient to provide the local and long distance service for which it is requesting authority in this filing.

**Q. THE SECOND CRITERION REQUIRES THAT TWCIS'S DIGITAL
PHONE SERVICE WILL MEET THE SERVICE STANDARDS THAT
THE COMMISSION MAY ADOPT. HAS TWCIS MET THIS
CRITERION?**

A. Yes. When TWCIS first applied for a CPCN to provide local service in the service area of AT&T (fka BellSouth) in Docket No. 2003-362-C, it had to

1 provide evidence that it would meet the service standards set by the Commission.
2 In granting TWCIS's application, the Commission in Order No. 2004-213
3 acknowledged that TWCIS had committed to meeting the Commission's service
4 standards. Also, TWCIS has been reporting its quality of service metrics to the
5 ORS as required by the Commission.

6 **Q. THE THIRD CRITERION CALLS FOR A DEMONSTRATION THAT**
7 **THE PROVISION OF DIGITAL PHONE SERVICE WILL NOT**
8 **ADVERSELY IMPACT THE AVAILABILITY OF AFFORDABLE**
9 **LOCAL EXCHANGE SERVICE. IN YOUR OPINION, HAS TWCIS**
10 **PROVIDED EVIDENCE THAT THE AFFORDABILITY OF LOCAL**
11 **EXCHANGE SERVICE IN HOME'S SERVICE AREA WILL NOT BE**
12 **JEOPARDIZED?**

13 **A.** Yes it has. In Order No. 2004-213, this Commission granted TWCIS a
14 CPCN allowing the company to provide "competitive, facilities-based intrastate
15 local and interexchange voice telecommunications services within the State of
16 South Carolina, subject to the Stipulation between TWCIS and the SCTC."

17 TWCIS has offered compelling support for its claim that the availability of
18 Digital Phone Service will not cause Home to raise rates to unaffordable levels.
19 First, the regulatory flexibility option chosen voluntarily by Home caps its rates
20 and limits Home rate increases for basic local service to no more than the annual
21 change in the inflation-based index approved by the Commission, Gross Domestic
22 Product Price Index ("GDP-PI"). Second, Home has the support of the federal

1 and state USF. Confidential Exhibit CJR-3 illustrates the support Home receives
2 from the Federal USF, the South Carolina USF, and the South Carolina Interim
3 LEC Fund. The data demonstrate that Home obtains \$■■■■ per year or over \$■■■■
4 per month (\$■■■■/mo.) in federal and state support for each of its telephone lines
5 in operation.

6 Competitive alternatives to Home local service are already available to
7 consumers in Home service area. These competing services, such as wireless
8 (offered by AT&T, Verizon, Sprint, and Home Wireless), voice-over-internet
9 protocol ("VoIP") service like that offered by Vonage, and potentially TWCIS'
10 Digital Phone Service may be chosen by consumers, and will also help to keep
11 Home prices for local service in line with "the market," and thus, "affordable."

12 Furthermore, if revenue losses increase the per line costs on Home's
13 remaining local loops then Home has several options available to resolve the
14 revenue shortfall:

- 15 1. Home can increase its revenue per line by offering new and/or more advanced
16 services over its existing lines;
- 17 2. Home can reduce its cost by increasing efficiency;
- 18 3. Home can upgrade its existing network, if necessary, allowing it to offer more
19 advanced and potentially profitable services;
- 20 4. Home may be able to request additional federal USF support; or
- 21 5. Home can request additional state USF support.

1 for local telephone service. It also offers these consumers a different pricing
2 scheme for their phone service.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes it does.**

**QUALIFICATIONS & EXPERIENCE
OF
CHRISTOPHER J. ROZYCKI**

QUALIFICATIONS SUMMARY

Senior Regulatory Professional - Significant experience creating and implementing regulatory and legislative policy and plans, with a consistent record of delivering outstanding results in areas involving state and federal regulatory and legislative action, and the establishment and implementation of rational and balanced regulatory policies. Created and directed cross-functional leadership and project teams that produce results. Expertise includes budgeting, reorganizations, strategic planning, hiring, training, and policy and process development. Published journal articles and wrote white papers, pamphlets and a variety of other documents. Developed and presented comments and testimony on subjects including: rates; financial, economic and regulatory matters; and industry performance standards and metrics. Appeared before federal and state regulators and legislators, and testified before Public Utility Commissions ("PUCs") in 13 states.

EXPERIENCE

2008 – PRESENT

SOUTH CAROLINA OFFICE OF REGULATORY STAFF

Columbia, South Carolina

MANAGER – TELECOMMUNICATIONS PROGRAMS

- Perform analysis and provides testimony in formal telecommunications proceedings before the South Carolina Public Service Commission regarding rate applications, CPCNs, tariff filings, interconnection agreements, cost of service and depreciation studies.
 - Plans, coordinates and directs daily operations for telecommunications department. Administer and supervise the state's Universal Service Fund, Interim LEC Fund, and Dual Party Relay Fund.
 - Develops policies and programs that maximize the financial integrity of the state's telecommunications companies while ensuring that they provide quality service at reasonable rates.
 - Collects data and analyzes the technical, statistical and economic trends of telecommunications policy. Writes position papers as required
 - Manage the Lifeline & Linkup program.
-

2007 – 2008**ROCK HILL TELEPHONE COMPANY**

Rock Hill, South Carolina

RATES AND TARIFFS ANALYST

- Developed competitive rate offerings for business customers
- Managed federal and state tariff filings
- Assisted with other regulatory support duties e.g.: assisting with the development of the Comporium Wireless application to participate in the FCC auction of wireless licenses.

2002 – 2007

TELECOM OPTIMIZATION PARTNERS

Charlotte, North Carolina

PARTNER

Telecom Optimization Partners is devoted to improving the business operations and profitability of providers and users of telecommunications services.

- Created Business Plans, Financial Models, Investor Presentations, for a startup supplier of an electric utility communications and management system
- Developed investor presentations resulting in \$20 million in venture capital funding offers
- Performed due diligence and M&A research, and provided guidance on industry direction and opportunities for a private investment group and a startup cable system aggregator

2000 – 2002

CAROLINA BROADBAND, INC.

Charlotte, North Carolina

VICE PRESIDENT, LEGAL AND GOVERNMENT AFFAIRS

Carolina BroadBand was a Broadband Service Provider ("BSP"), preparing to offer cable TV, telephone, and data services over its own last-mile, fiber optic network in Charlotte, Raleigh, Columbia, and other cities in the Carolinas.

- Performed and managed the complete regulatory startup of the Company and established corporate regulatory policies, reporting regularly to the CEO and Board of Directors.
- Negotiated complex agreements with the City of Charlotte, Duke Power, BellSouth, and others for interconnection, pole attachments, and rights-of-way
- Led the creation of a new industry association, and led the association in educating federal legislators and FCC regulators about critical industry issues.
- Organized and led a special project team for the rollout of telecom services, shaving six months off the time to activate these services
- Established excellent relationships and worked closely with Charlotte City officials to alleviate market entry barriers facing the Company.

1998 – 2000

ITC^DELTACOM COMMUNICATIONS, INC.
Huntsville, Alabama

DIRECTOR OF GOVERNMENT AFFAIRS

Recruited to provide policy and managerial leadership to the regulatory department of this competitive telecommunications and data services company. Our Team performed a wide range of tasks covering all aspects of the business including regulatory functions, interconnection agreement negotiations, customer complaint resolution, tariff development, lobbying, and industry relations activities.

- Formulated Company policy on all regulatory issues, coordinating buy-in with the CEO, CFO, General Counsel, CTO, and SVP of Marketing and Sales.
- Crafted strategy and led the Company in a series of PUC complaints and court cases against BellSouth, resulting in an \$80 million victory.
- Assembled and led a multi-disciplinary team of subject matter experts to establish Company policy, then directed this team in negotiating interconnection agreements with BellSouth and other ILECs
- Managed consumer complaint resolution, handling difficult cases requiring executive level decisions
- Testified before state PUCs and PSCs as the Company's policy expert on a wide range of issues including inter-company compensation, industry performance standards, and interconnection agreement issues

1997 – 1998

TELCOVE
Pittsburgh, Pennsylvania

DIRECTOR OF REGULATORY AFFAIRS

- Led team in obtaining CLEC certification in 12 states and creating over 40 state and federal tariffs
- Built political support for the Company on the issue of municipal rights-of-way, by educating key officials at the FCC, members of the President's Economic Council, state legislators, state regulators, and governor's offices
- Initiated and organized several industry coalitions that collectively lobbied against RBOC dominance of legislative and regulatory opinion

1983 – 1997

AT&T
Various U.S. Locations

MANAGEMENT POSITIONS IN BUSINESS DEVELOPMENT, FINANCE & GOVERNMENT AFFAIRS

- Led team creating the initial business case for TCG; resulting in AT&T's purchase of TCG in January 1998
- Developed financial models for use in new business development projects
- Created new business concept document for broadband growth
- Produced a \$20 million financial turnaround, using rate filings, in one year
- Developed AT&T's policies and positions regarding proposed legislation
- Led interdepartmental teams, coordinating and leading negotiations with Independent Telephone Companies and representing AT&T in formal hearings

-
- Created educational materials to develop a solid, positive image for "the new AT&T" in PA and NJ. This model was used by the Company nationwide

1972 – 1983

EARLY CAREER POSITIONS
Metropolitan Washington, DC Area

FAIRFAX COUNTY DEPARTMENT OF CONSUMER AFFAIRS

Consumer Advocate, Public Utilities - Prepared and presented testimony on rate of return and economic issues in electric, gas, and telephone rate cases before the Virginia State Corporation Commission

TECHNICAL RESEARCH ANALYSIS COMPANY

Vice President - Established an energy and regulatory consulting firm, performing research and analytical projects for the Federal Energy Regulatory Commission (FERC) and the U.S. Department of Energy (DOE).

U.S. DEPARTMENT OF ENERGY

Economist - Developed and performed new, rigorous studies assessing the economic feasibility of energy efficiency regulations and developed energy price forecasts.

PUBLIC UTILITY CONSULTING

Economist – Research Economist for two Washington, DC based public utility consulting firms. Performed research in public utility regulation, and prepared cost of capital, cost allocation, and rate design studies in support of the company's public utility consulting projects and for use in public utility rate cases

EDUCATION

- MA, Economics, George Mason University, 1978
- BA, Economics, Georgetown University, 1972

Virginia, Case No. PUE 830029, on behalf of The Board of Supervisors of Fairfax County Virginia, June 30, 1983.

“Testimony Regarding the Application of the Chesapeake and Potomac Telephone Company of Virginia for an Increase in Rates,” Submitted to the State Corporation Commission of the Commonwealth of Virginia, Case No. PUC 820020, on behalf of The Board of Supervisors of Fairfax County Virginia, January 5, 1983.

“Testimony Regarding the Application of Washington Gas Light Company for an Increase in Rates,” Submitted to the State Corporation Commission of the Commonwealth of Virginia, Case No. PUE 820029, on behalf of The Board of Supervisors of Fairfax County Virginia, November 22 1982.

“Testimony Regarding the Application of the Continental Telephone Company of Virginia for an Increase in Rates,” Submitted to the State Corporation Commission of the Commonwealth of Virginia, Case No. PUC 820011, on behalf of The Board of Supervisors of Fairfax County Virginia, October 27, 1982.

CONFIDENTIAL

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-327-C

IN RE:)	
Application of Time Warner Cable Information)	CERTIFICATE OF
Services (South Carolina), LLC d/b/a Time)	SERVICE
Warner Cable to Amend Its Certificate of Public)	
Convenience and Necessity to Provide Telephone)	
Services in the Service Area of Home Telephone)	
Company, Incorporated and for Alternative)	
Regulation)	

This is to certify that I, Chrystal L. Morgan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **MOTION FOR CONFIDENTIAL TREATMENT, TESTIMONY, AND EXHIBITS OF CHRISTOPHER J. ROZYCKI** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

M. John Bowen Jr., Esquire
McNair Law Firm, P.A.
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Columbia, SC, 29211

Bonnie D. Shealy, Esquire
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Post Office Box 944
Columbia, SC, 29202

C. Bradley Hutto, Esquire
Williams & Williams
Post Office Box 1084
Orangeburg, SC, 29115



Chrystal L. Morgan

December 9, 2008
Columbia, South Carolina